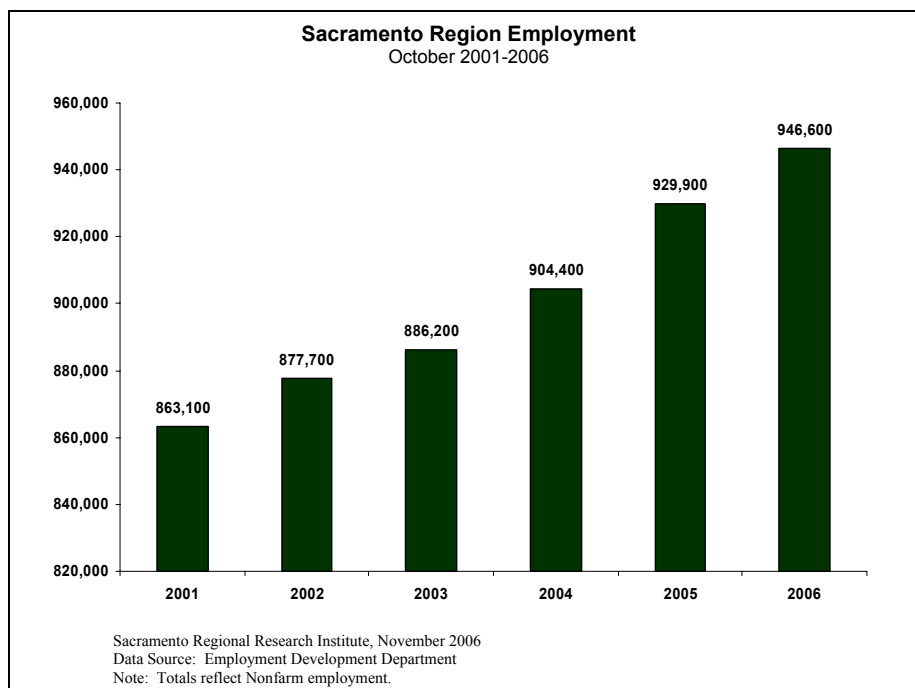
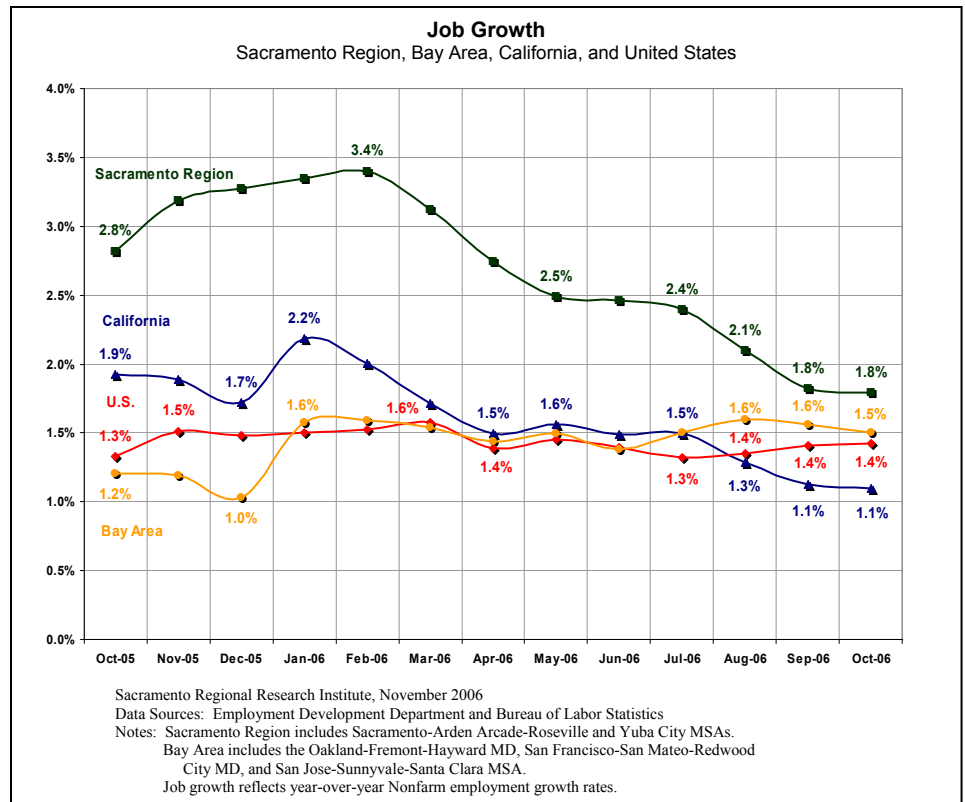


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The Sacramento Region's job growth remained stronger than the statewide and national averages in October 2006, but is still showing a declining pattern due to housing-related slowdowns.

Job growth in the six-county Sacramento Region has been sliding since the February 2006 peak as a result of slowdowns concentrated in the housing-related activities and exacerbated by a handful of other sectors. In the 12 months ending October 2006, the Region posted an employment increase of 1.8 percent (16,700 jobs), which is markedly lower than the 3.4 percent growth rate seen at its recent peak. While the Region's job growth picture is not as rosy as it was at the beginning of the year, it is still posting relatively strong growth rates, falling above the statewide and national averages as well as most regions in the state.

The state has also been seeing decreasing year-over-year job growth rates since the beginning of 2006 due to sluggish growth in the housing-related sectors. Between October 2005 and 2006, the state posted 1.1 percent job growth (164,200 jobs), which is just over 1 percentage point lower than its recent peak in January 2006 and below the national average (for the third month in a row).



The nation continued its steady, moderate job growth trend with a 1.4 percent year-over-year employment growth rate in October 2006 (1.9 million jobs). In recent months, the nation's job growth has been slightly below its short-term average of 1.5 percent, feeling the effects of declines in many of its major economies. The nation's stable growth has allowed it to remain stronger than California over the past few months, especially with the state's recent decreasing growth rates.

Job growth in the Bay Area has surpassed the statewide and national averages since August 2006, demonstrating the significant strides the region has made during its economic recovery. The Bay Area posted 1.5 percent employment growth in October 2006 (43,100 jobs). Unlike the state and the Sacramento Region, the Bay Area has seen fairly flat job growth since the beginning of the year, averaging approximately 1.5 percent (similar to the nation).

The Construction and Financial Activities sectors both posted job losses in the Sacramento Region during the 12 months ending October 2006.

In October 2006, Government moved back to the top of the list of sectors in the Sacramento Region adding the greatest amount of jobs in the past year. Government was followed by Leisure & Hospitality and Professional & Business Services—combined, these three sectors contributed 13,300 jobs (approximately 80 percent of the net gain). Both Construction and Financial Activities (containing housing-related activities) lost jobs in the last 12 months (in addition to Information). While Financial Activities has posted year-over-year job losses for the past few months, Construction shifted to negative growth in October 2006. These two sectors have primarily been pulling the Region's overall job growth down, but Manufacturing; Trade, Transportation, & Utilities; and Professional & Business Services have all been posting notably slower growth since the beginning of 2006.

The Professional & Business Services; Leisure & Hospitality; and Government sectors also added the most jobs between October 2005 and 2006 at the statewide level (a total of 120,400 jobs accounting for over 73 percent of the net increase). Like the Sacramento Region, the state's Construction sector just moved to negative job growth, after experiencing months of slower year-over-year growth. For the third straight month, Manufacturing posted job gains in the state, breaking the continuous losses seen since the summer of 2004.

Differing from the state and Sacramento Region, Construction remained a key contributor to the Bay Area's employment gains in the past 12 months, ranking near the top of the list of major sectors along with Professional & Business Services and Leisure & Hospitality (adding about 57 percent of the net gain with a total of 24,400 jobs). Information was the only sector to post employment losses in the Bay Area, further demonstrating the reach of the region's economic recovery.

Employment Gains and Losses Components of Sacramento Region and Bay Area		
Area	October 2005-2006	
	Absolute	Rate
Sacramento Region	16,700	1.8%
Sacramento-Arden Arcade-Roseville MSA	15,900	1.8%
Yuba City MSA	800	2.0%
Bay Area	43,100	1.5%
San Francisco-San Mateo-Redwood City Div.	17,300	1.8%
Oakland-Fremont-Hayward Div.	16,700	1.6%
San Jose-Sunnyvale-Santa Clara MSA	9,100	1.0%

Sacramento Regional Research Institute, November 2006
Data Source: Employment Development Department
Note: Gains and losses reflect Nonfarm employment.

gain (Professional & Business Services added the most jobs). With continued gains in the Construction Sector, Oakland-Fremont-Hayward still remained an important contributor while the San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) continued to produce modest job gains led by Professional & Business Services.

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This edition of *Economy Watch* was produced by Ryan Sharp, Director.

Major Sector Employment Gains and Losses Sacramento Region, California, and Bay Area			
Sector	October 2005-2006		
	Sacramento Region	California	Bay Area
Total Nonfarm	16,700	164,200	43,100
Private Sector	12,100	129,800	39,400
Public Sector	4,600	34,400	3,700
Government	4,600	34,400	3,700
Leisure & Hospitality	4,500	37,600	7,100
Prof. & Business Svcs.	4,200	48,400	10,500
Edu. & Health Svcs.	2,400	26,600	5,700
Trade, Trans., & Util.	1,200	3,200	4,500
Manufacturing	600	100	2,100
Other Services	300	8,100	200
Nat. Res. & Mining	0	900	100
Financial Activities	-200	10,800	3,100
Information	-400	-1,800	-700
Construction	-500	-4,100	6,800

Sacramento Regional Research Institute, November 2006
Data Source: Employment Development Department